

ASSET SERVICING TIMES

Leading the Way in Global Asset Servicing News and Commentary

ISSUE 348 04 September 2024



Regulatory Reporting

Kaizen's Jonathan Lee reviews the upcoming reporting obligations

KDPW | TR+

www.trplus.kdpw.pl

EMIR TR, SFTR TR, ARM, LEI

All Reporting Services in One Place

Find out how we can support you in fulfilling your reporting obligations and how to get started with us.

Drive forward. With Broadridge.

Next-generation proxy and corporate actions solutions.

Technology is changing the business world at a rapid pace – and with it, client expectations continually rise. We're committed to helping you drive your business forward, enhancing the client experience, accelerating digital adoption, reducing costs and gaining actionable insights – all while enabling you to satisfy your regulatory obligations.

You can count on us to anticipate your evolving needs and prepare for the opportunity around every curve, using innovation and advanced technology with the rigorous attention to security we bring to every solution.



Corporate Actions Technology Award Of The Year



Best Asset Servicing Technology Product Of The Year

CONNECT WITH US

+44 020 7551 3000

Global@Broadridge.com

[Broadridge.com](https://www.broadridge.com)

Lead news story



State Street and Taurus collaborate to deliver full service digital platform

State Street Corporation and Taurus have partnered to deliver a reliable digital asset and capability solution to State Street Bank's clients.

Subject to regulatory approval, the collaboration intends to leverage three of Taurus' industry solutions, including Taurus-PROTECT and Taurus-CAPITAL, to automate the servicing of digital assets and provide blockchain connectivity to investors.

The companies say the agreement will further provide tokenisation and digital custody services to State Street's existing fund administration and accounting capabilities.

Donna Milrod, State Street's chief product officer and head of digital asset solutions, states: "We are excited to be working with Taurus as we continue to elevate our digital asset capabilities and deliver the innovative solutions our clients have been seeking."

Co-founder and managing partner of Taurus, Lamine Brahimi, adds: "We are thrilled to have been chosen by State Street as a strategic partner for custody and tokenisation and are excited about the opportunity to introduce innovative digital asset products and services to the industry." ■



Karl Loomes

Group editor
karlloomes@blackknightmedialtd.com

Carmella Haswell

Deputy editor
carmellahaswell@securitiesfinancetimes.com

Jack McRae

Reporter
jackmcrae@assetsservicingtimes.com

Clelia Reka Frondaroli

Junior reporter
cleliarekafondaroli@assetsservicingtimes.com

Klea Neza

Junior reporter
kleaneza@blackknightmedialtd.com

James Hickman

Lead designer
jameshickman@blackknightmedialtd.com

John Savage

Associate publisher
johnsavage@assetsservicingtimes.com

Justin Lawson

Publisher
justinlawson@blackknightmedialtd.com

Published by Black Knight Media Ltd
copyright ©2024 All rights reserved

Contents

4

06

News Focus

Zodia launches custody and staking support

07

News Focus

HKMA introduces new project to accelerate tokenisation adoption

08

News Focus

J.P. Morgan completes transition of Vision Super

10

News Focus

Appital introduces new price discovery functionality

12

News Focus

QFCA and QFCRA launch new QFC Digital Assets Framework

14



Regulatory Reporting:

Jonathan Lee reviews the upcoming reporting obligations

18



ESG Investing

Clelia Frondaroli explores the future of greener investments

22



Financial Crime

Jack McRae speaks to Rory Doyle, head of Financial Crime Policy at Fenargo

26



People Moves

S&P Global recruits Brown

T-SCAPE
www.t-scape.com

Committed to improving corporate action processing through

iActs™

REGULATORY FINES!

Searches:

🔍 intraday reporting

🔍 accurate data

🔍 internal controls

🔍 post trade settlement

🔍 risk mitigation

**WE'VE
GOT YOUR
BACK.**



Zodia launches custody and staking support

Zodia has launched custody and support for ADA staking, providing institutions with a secure infrastructure as they access yield-generating opportunities.

By using the staking service, the company says that institutions will benefit from time and cost savings compared to developing in-house staking infrastructure.

This new provision is also said to include end-to-end transaction controls and secure key management

protocols, to prevent the co-mingling of assets.

Julian Sawyer, CEO of Zodia Custody, states: "Providing greater optionality in staking is the next step forward in enabling institutions to build out and diversify their digital asset strategies — and, together with our infrastructure partners, we are making it a reality."

Zodia has launched this setup in collaboration with Blockdaemon, where Zodia currently hosts ETH and DOT staking services to clients. ■



TMF Group completes acquisition from Auren S.C.

TMF Group has acquired Auren S.C.'s accounting and tax, HR and payroll, and global entity management operations.

The acquisition from the Uruguay-based company allows the compliance and administrative services provider to expand its presence in the Latin American market.

Monica Vera, head of Latin America at TMF Group, comments: "The addition of these practices, combined with their extensive network and expertise, will significantly enhance TMF presence and service excellence in the market and the region." ■

BKM
CREATIVE

**Professional designers,
industry specialists**

**Get in touch with the team to
find out how we can help you!**

justinlawson@blackknightmedialtd.com



SmartStream updates latest TLM Collateral Management solution

SmartStream has launched its latest version of TLM Collateral Management solution, developed in partnership with a tier-one bank customer.

The company says the solution, which provides real-time access to data sources via versioned-APIs, aims to enhance decision-making and workflow automation for financial institutions.

Clients will also be able to utilise the system to meet regulatory reporting and jurisdictional requirements.

Jason Ang, global programme manager, TLM collateral management at SmartStream, comments: "In an era where firms are grappling with rising costs, regulatory pressures, increased risk profiles, and the need for better and faster data to manage credit risk, TLM Collateral Management version 7.0 offers enhanced tools to deliver an innovative, robust and stable collateral management platform." ■



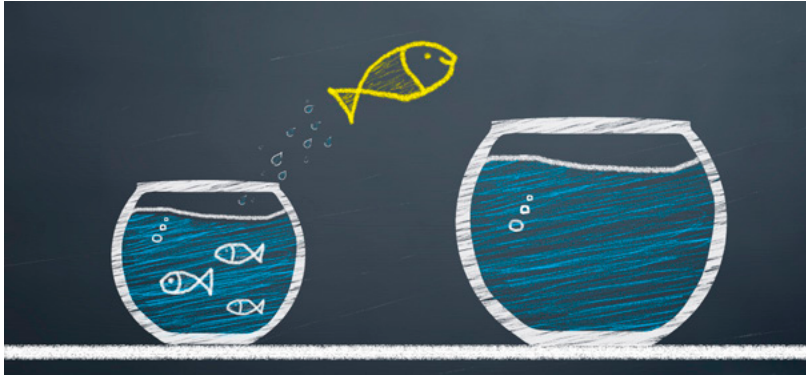
HKMA introduces new project to accelerate tokenisation adoption

The Hong Kong Monetary Authority (HKMA) has launched Project Ensemble Sandbox to facilitate interbank settlement. Using experimental tokenised money and focusing on transactions involving tokenised assets, the Sandbox will enable experiments for both payment-versus-payment and delivery-versus-payment use cases.

Participating banks from the Project Ensemble Architecture Community (the Community) have connected their tokenised deposit platforms to the Sandbox to enable the experiments. The initial round of experimentation will cover the tokenisation of both traditional financial assets and real-world assets.

The SFC, a member of the Community, is responsible for helping to develop a regulatory framework that will support the sustainable growth of the tokenised asset market in Hong Kong.

Eddie Yue, chief executive of the HKMA, says: "The introduction of the Project Ensemble Sandbox to test tokenisation use cases marks a significant step forward for the HKMA and the industry to explore the application of tokenisation in real-life business scenarios. Since the launch of Project Ensemble in March, we have been encouraged by the strong interest from the industry in pioneering innovative solutions to redefine the digital finance landscape." ■



J.P. Morgan completes transition of Vision Super

J.P. Morgan has completed the transition of the US\$13.8 billion industry superfund Vision Super.

Vision Super and Active Super will merge on 1 March 2025, creating a fund managing more than US\$29 billion in assets and serving 170,000 member accounts, according to the firm.

Nadia Schiavon, head of Securities Services for Australia and New Zealand at J.P. Morgan, says: “We are excited to partner with our new client Vision Super and their 85,000

members as they look to merge with Active Super, which we have had a long-standing relationship dating back to 2003.”

Stephen Rowe, CEO of Vision Super, adds: “As we embark on our merger with Active Super, partnering with J.P. Morgan will be essential to our integration.

“This is an exciting time in our history and taking advantage of J.P. Morgan’s experience and global platforms will be of great benefit to our members.” ■



EFG Hermes adds asset and custody arrangement services

EFG Hermes has introduced Asset Servicing Arrangement and Custody Arrangement as part of their latest service offerings.

The services are designed to facilitate custody arrangements and provide clients with access to over 40 markets across the Middle East, sub-Saharan Africa, Southeast Asia, and Europe.

The company also says that the services will cover a wide range of asset classes, including equities and fixed-income instruments, enhancing clients’ ability to manage investments across a broad range of markets. ■

EMIR – MiFIR – SFTR – FinfraG – MAS – US Dodd Frank – REMIT



Compliance is a beast
We help you tame it.



office@deltaconx.com | www.deltaconx.com



Pure Play

Private Capital.



At the forefront of the evolution of fund administration from relatively simple to extraordinarily complex.

Our combination of human expertise and cutting-edge technology allows us to provide customised solutions to your most complex challenges.

For further information, please contact:

James Morris, Commercial Director
james.morris@gen2fund.com



gen2fund.com



Appital introduces new price discovery functionality

Appital has launched new functionality designed to simulate liquidity at market levels amongst buy side clients.

The new functionality, called Price Discovery in Appital Insights, is said to enable investment teams to give feedback on live orders and gain insights on potential pricing and volume prior to ordering or launching a bookbuild.

The company states that this will allow for opportunistic liquidity discovery and increase the likelihood of bookbuild success, while minimising the risk of price erosion.

Chief business development officer at Appital, Brian Guckian, comments: “[Our clients] can pick their counterparts, expose a potential deal to them, and get feedback on volume and pricing, before deciding to go ahead with a bookbuild. This is a new and unique workflow that gives clients full control over the book-building process.” ■



SEC files charges against Abra

The US Securities and Exchange Commission (SEC) has filed settled charges against Plutus Lending (which operates as Abra) for failure to register the offers and sales of its crypto asset lending product, Abra Earn. Abra has also been charged for operating as an unregistered investment company.

The SEC’s complaint alleges that Abra Earn was marketed to investors as a means to earn interest on crypto assets “automagically,” and that Abra exercised its discretion to use investors’ crypto assets in ways to generate income for itself. Abra Earn was further offered and sold as a security, which did not exempt the company from SEC registration.

The charges also state that Abra operated for over two years as an unregistered investment company as it held more than 40 per cent of its total assets, excluding cash, in investment securities.

Stacy Bogert, associate director of the SEC’s division of enforcement, states: “As alleged, Abra sold nearly half a billion dollars of securities to US investors, without complying with registration laws designed to ensure that investors have sufficient, accurate information to make informed decisions before they invest.

“To compound the potential harm to investors, Abra allegedly sold its own securities while skirting applicable Investment Company Act provisions that provide a number of important protections to investors, including minimizing conflicts of interest.”

The complaint charges Abra with violating Sections 5(a) and 5(c) of the Securities Act of 1933 and Section 7(b) of the Investment Company Act of 1940.

In response, Abra has consented to an injunction requiring it to pay civil penalties in amounts to be determined by the court. ■



COOL, CALM AND CONNECTED.

We simplify post-trade securities solutions through a single-contact relationship.

Our streamlined, end-to-end post-trade securities solutions extend from trade execution through to reporting and analytics.





ONE group solutions expands into UK market

ONE group solutions has entered into the UK market, in a strategic move to enhance its range of fund governance solutions. The company aims to provide UK asset managers, fund distributors and fund sponsors with streamlined operational models to reduce costs and help facilitate value-generating activities such as investor relations and product distribution.

The new office is also said to support cross-border connectivity and

local market insight in the region, alongside the creation of strong client relationships.

Steve Bernat, co-founder and group executive lead, ONE group solutions, states: "Expanding into the UK market is a pivotal milestone for ONE group solutions. With our new office in London, we are perfectly positioned to address the unique challenges faced by UK asset managers." ■

QFCA and QFCRA launch new QFC Digital Assets Framework

The Qatar Financial Center Authority (QFCA) and Qatar Financial Centre Regulatory Authority (QFCRA) have launched the QFC Digital Assets Framework, in line with the third financial sector strategy proposed by Qatar Central Bank. The framework aims to establish a legal and regulatory foundation for digital assets in Qatar, including the processes of tokenisation and the recognition of property rights and custody arrangements in tokens.

The framework also intends to provide a secure and standardised digital asset system, to instil confidence amongst clients and service partners. The QFC Digital Assets Framework is the result of a collaboration between the QFCA and industry stakeholders, comprising 37 domestic and international organisations. It is said to play a key role in supporting Qatar's digital transformation goals.

Chief Executive Officer of QFC, Yousuf Mohamed Al-Jaida, comments: "The introduction of the Digital Assets Framework 2024 underscores our commitment to creating a robust regulatory regime aligned with international best practices." ■

REGULATORY REPORTING

SECURITIES FINANCE

C-ONE

DLT/BLOCKCHAIN

CONNECTIVITY

COMYNO

C-ONE | One-Stop- Shop for Securities Finance

WWW.COMYNO.COM

images by dario/stock.adobe.com



... and climbing.

A global player in asset servicing...

Offering leading value in investor services demands constant evolution. At CACEIS, our strategy of sustained growth is helping customers meet competitive challenges on a global scale. Find out how our highly adapted investor services can keep you a leap ahead.

CACEIS, your comprehensive asset servicing partner.



www.caceis.com

caceis
INVESTOR SERVICES
solid & innovative



Securities financing regulatory reporting:

What does the future hold?

Significant change is afoot in the SFT and money markets reporting space in the coming years. Kaizen's money markets reporting director Jonathan Lee reviews the upcoming reporting obligations as regulatory pressures build once again

The post-Securities Financing Transactions Regulation (SFTR) go-live lull looks set to be followed by an unprecedented level of securities financing regulatory reporting activity from now until 2027/2028.

July's Money Market Statistical Reporting (MMSR) extended scope is followed by the US Office of Financial Research (OFR) Uncleared Bilateral Repo reporting in December, the SFTR Review/Refit is likely to commence in 2025, and US Financial Industry Regulatory Authority's (FINRA's) Securities Lending and Transparency Engine (SLATE) reporting goes live in 2026.

Back in 2015, when the Financial Stability Board (FSB) published 'Standards and Processes for Global Securities Financing Data Collection and Aggregation', the principal focus of all securities financing reporting regimes was in identifying global systemic risks in securities financing transaction (SFT) markets and nipping them in the bud before they potentially seeded the next financial crisis.

These were different times — 'Brexit' was not yet in the vocabulary, and the regulatory reporting fines from regulators such as the UK Financial Conduct Authority (FCA) were mounting up. Since then, notably in the securities financing space (seen as one of the unfortunate bedrocks of the crisis) and following SFTR implementation and similar regulations in jurisdictions such as Japan, it has been a sea of calm and light-touch regulation, certainly from an enforcement perspective.

We are starting to see signs that the regulatory pressures are building again, with the introduction of many new regulations, re-writes, re-fits and changes, together with national competent authorities and the central European regulator, the European Securities and Markets Authority (ESMA), which simply cannot continue to cry wolf.

To call out failures to close out open term securities loans three years in a row in its 2023 report on the quality and use of data, and not take punitive action, is really testing the patience of the national competent authorities.

SEC goes global

The US has been very slow to fully embrace the full spectrum of SFTs captured by regulatory reporting requirements such as SFTR (all repos, both cleared and uncleared, all buy-sellbacks/sell-buybacks, all securities lending and borrowing transactions and all margin loans entered into under a prime brokerage agreement).

While US triparty repo has been captured by the Federal Reserve Bank of New York from the clearing banks, BNY, and JPMorgan Chase, and cleared repo data has been extracted from the Government Securities Division (GSD) of the Fixed Income Clearing Corporation (FICC) since 2010, the other SFT products are clear gaps.

Notably, there has not been any reporting of the uncleared bilateral repo market or securities lending market.

A trade reporting obligation

The US Securities and Exchange Commission (SEC), while late to the party with securities lending reporting, has taken an entirely different tack in framing this as a trade reporting requirement, rather than transaction reporting for systemic risk purposes.

When the SEC's Rule 10c-1a was put to public consultation, it received more than 2,000 responses. Retail investors were demanding fairness, checks and balances, and controls to be put in place around short selling and the securities lending market that facilitates hedge fund equity market plays.

Several stock market scandals have left their scars on the market and finally the SEC has decided it is time to act.

Vast expansive scope

One of the key principles of the FSB's framework was that reporting would be collated regionally before being shared globally, in order to identify systemic risks evident in a G-SIBs' global portfolio, not just the operations in a single jurisdiction.

There was a great deal of concern about double counting. If SFT activities were captured in one jurisdiction, they should not be captured and shared in another jurisdiction, thereby overstating the risk. Despite this and with fairness in mind, the SEC does not see it fit to treat non-US residents any differently when it comes to trade reporting obligations.

Given the predominance of US stocks and securities and the prevalence of foreign holders of US stocks particularly in the tech space, this requirement, if followed through with, will result in a vast expansive scope for any lenders of US securities to report, regardless of their jurisdiction or domicile.

Enforcement

You might ask, how can FINRA and the SEC enforce such widespread compliance globally with SLATE reporting?

This question is still to be answered, particularly regarding timeliness of reports in very different time zones. Nevertheless, FINRA and the SEC could attempt to monitor securities settlements, however, making the distinction between outright cash sales and purchases and loans will still be a significant challenge.

Additionally, if the loan is covered by an internal move within the depo of a major financial institution, then this move to cover a short will not be transparent other than to the depo account holder. While all US securities, regardless of where they settle — either domestically, through International Securities Depositories (ICSDs), or central securities depositories (CSDs) — will be subject to cross border cooperation and US registers, FINRA may need to leverage existing reports such as agent lending disclosure to uncover otherwise hidden securities loans. However, potentially, FINRA may have unwittingly bitten off more than it can chew if it expects to have full international compliance on day one.

Indeed, this super-equivalence, which demands that international market participants submit reports to FINRA in the US, does not exist for US firms entering into SFT transactions elsewhere in the world. This would be unlikely to engender cooperation, if the ask is to leverage SFTR reports that would identify US securities being loaned by European market participants in the absence of this definitive information elsewhere.

More reportable fields

Nevertheless, the pressure is on, the number of reportable fields has swelled from 12 data elements to up to 48 fields, and a rather complex web of intraday activities and lifecycle events are required to be reported. It may simply act as the ultimate recruiting sergeant for US agent lenders to wrap up this market on the promise that they will make the necessary reports to FINRA for lenders on behalf of beneficial owners.

OFR uncleared bilateral repo reporting

Barely before the ink has dried on the FINRA SLATE consultation response, the OFR’s non-centrally cleared bilateral repo data (NCCBR) reporting will commence for the largest brokers and dealers from 2 December 2024. Other significant financial companies in the US non-centrally cleared bilateral repo market will follow in April 2025. The OFR requirements are comparatively straightforward, albeit, following an extended period in which there were no hands-on SFT reporting requirements in the US at all.

Reporting firms are required to submit up to 32 fields of data by 11:00 on trade date plus one (T+1) in a user-friendly csv or txt format to the OFR’s Data Collection Utility.

The only lifecycle or action type required is the need to resubmit a day’s complete submission should OFR enquiries result in the identification of an error. This approach to regulatory reporting is rather refreshing and most in line with the original 2015 FSB’s proposals. In 32 fields, the regulators should have a clear view of

Global securities financing regulatory reporting timeline

Jul-24	Phase 1 Dec 2024 - Phase 2 Apr 2025	2025 - 2027	2026	2028
Confirmed	Confirmed	TBC	Confirmed	TBC
EU	USA	EU & UK	USA	EU & UK
MMSR Scope Extension	OFR Uncleared Bilateral Repo Reporting	SFTR Review	SEC FINRA SLATE Reporting	SEC FINRA SLATE Reporting

potentially systemically significant uncleared bilateral repo market positions. However, there are a couple of notable omissions with the lack of any provision for bilateral margin and variation margin reporting that typically takes place at the portfolio rather than transaction level. There does not appear to be scope for collateral re-use reporting either.

More is more

The mood music in Europe still appears to be playing the tune of 'More is More' when it comes to regulatory reporting.

The European Market Infrastructure Regulation (EMIR) Refit was the ultimate case in point. Despite the Regulatory Oversight Committee (ROC) producing 'only' 110 Common Data Elements (CDE) for adoption in derivative reporting regimes globally, they still found it fit for EMIR to swell from 129 to 203 fields.

There are a number of elements of the EMIR Refit that are likely to be discussed as possible SFTR additions. These include:

- Executing Agent Field — its current absence causes a lot of pain in the trade repository reconciliation process and other fields such as agent lender or broker as misused in its place.
- Effective dates — such that pre-agreed changes to trade economics can be reported as soon as agreed rather than needing to be delayed.
- Intra-group identifier — reducing the burden on regulators to identify inter-group transactions and book transfers.
- Incorporating bilateral variation margins together with CCP margins in a single data table to simplify the margin reporting process and ensure higher levels of compliance. At present, the margin table is solely for reporting CCP margins. Bilateral variation margins must be reported using an intricate collection of collateral updates, with and without unique trade identifiers (UTIs) and is frequently under-reported or misreported.
- Post-Brexit waterfall structure for the generation and sharing of UTIs when trading cross-jurisdiction. At present, the rules governing the generation and sharing of UTIs only apply within a single jurisdiction, not when trading across jurisdictions, causing confusion, operational pain and late reporting.

- Additionally, event types complementing certain action types, package identifiers (useful for identifying products such as collateral swaps) and the requirement to report the nature and corporate sector of the other counterparty in addition to the reporting counterparty may also be incorporated.

While I would argue that additional fields such as executing agent and effective dates make a lot of sense, together with a rationalisation of margin reporting, it would be good to see ESMA and the FCA being bold and willing to withdraw certain fields too.

The author highlighted to the assembled group of global regulators at the FSB in 2014/2015, that for many of the instrument reference data questions, if 10 different banks were asked for an answer, there would be eight or nine different answers. Unfortunately, the past four years of Kaizen's assurance testing have proven this hypothesis to be true.

The process of requiring firms to provide subjective fields and fields with multiple permissible answers without further detailed guidance or reporting instructions is problematic. This is most evident where not only are ISIN codes required to identify collateral or loaned securities, but reporting counterparties are also called upon to provide CFI codes, credit quality, LEI of the issuer, the jurisdiction of the issuer, collateral/security type and the maturity date of the security as well.

Word has it that the savvy national competent authorities disregard this data anyway on the grounds of its inconsistent and low quality.

What is next?

We are entering a period of significant change in the money markets and securities financing regulatory reporting space. Extraterritoriality in the FINRA SLATE rules for US securities lending, the likelihood of growing requirements in Europe in the SFTR Review/Refit, further new but smaller requirements for uncleared bilateral repo reporting to the OFR in the US, and the potential for further global and European divergence, are all likely to feature over the next couple of years.

This is on top of the ever-present danger of stricter enforcement of SFTR, MMSR, and Sterling Money Market Daily (SMMD), as well as the likelihood of tangible fines re-emerging. ■

Turbulent times

Amid the current controversies and challenges facing ESG investing, Clelia Frondaroli explores what future lies in store for firms seeking greener investments.



ESG funds, green bonds, sustainable, responsible, and climate-friendly investing; there are a multitude of ways in which environmental, social and governance (ESG) funds can be defined and evaluated.

Yet, there currently remains no globally agreed upon framework to regulate sustainable funds. As such, ESG investing has become a topic of contention, where politicisation, anti-ESG regulations, and greenwashing claims have only fuelled the series of controversies that ESG investments have, of late, found themselves in. In June, the *Financial Times* revealed that investors worldwide withdrew approximately US\$40 billion from ESG equity funds, of which US\$4 billion alone were divested by US investors.

Steps have been taken to regulate the industry. The launch of the SIX Climate Equity flag in August this year has been designed to allow investors to identify firms and funds whose emissions reduction targets align with the 1.5C Paris Agreement. Bjørn Sibbern, global head of exchanges and executive board member at SIX, highlights that this will reduce investor “uncertainty around a company’s current and future climate emissions trajectory,” and hopes to garner legitimacy towards ESG investment firms.

Despite this, questions remain on the future legacy of ESG funds and whether investors are truly looking to continue investing a little greener.

A ripple makes a wave

Not all subscribe to the belief that ESG funds are destined for failure. Yann Bloch, head of product at NeoXam, characterises the current state of ESG investments as a moment of “temporary turbulence”.

Although he acknowledges that the wave of ESG divestment across the US has undoubtedly “sent ripples” of insecurity across the investment community, he is quick to dismiss any lasting impact. He explains: “Divestment actions often stem from short-term political or ideological shifts rather than from a genuine analysis of the risks and opportunities that ESG considerations can reveal.”

Instead, Bloch suggests a long-term perspective is crucial to navigating the turbulent nature of sustainable investments, where relying on comprehensive and accurate ESG data is key to identifying resilient funds.

However, a long-term perspective may be difficult to judge amidst the tumultuous year ESG funds have had. Concerns remain amongst investors that by buying into so-called ‘green’ investments, they have been ‘losing out’ on potential brown asset earnings, in part exemplified by the surge in fossil fuel stock prices at the beginning of the Ukraine war. As highlighted in a report by Morningstar, dwindling ESG fund launches globally (from 325 launches to 170 between 2023-24) have signalled investors and firms alike are questioning the profitability of such funds.

Casting shadows

Beyond profitability concerns, claims of greenwashing have further cast shadows of doubt on ESG investments. Increased understanding from investors surrounding environmental issues has accentuated the demand for businesses to prove sustainability claims within equity funds.

However, Bloch maintains a positive outlook in the wake of these concerns. He suggests that “rather than deterring investment in ESG funds, this heightened awareness is driving demand for better ESG data and more rigorous due diligence. Investors are becoming more discerning, seeking out funds that can demonstrate genuine ESG commitments.”

Yet, how are investors able to accurately verify funds that demonstrate these ‘genuine’ ESG commitments?

Bloch proposes: “The key to overcoming greenwashing lies in the quality and transparency of the ESG data being utilised.” This means data from reliable sources, along with advanced analytics and approved sustainability reviewers, are all factors that can help investors differentiate between businesses with legitimate environmental targets, and those otherwise. He concludes that “the push against greenwashing is, in fact, reinforcing the critical role of robust ESG data in ensuring the credibility of sustainable investments.”

Looking for clarity

The need for reliable and transparent ESG data is a sentiment that is echoed by Christa Clapp, global head of Sustainable Finance Market Analytics at S&P Global Ratings. She comments: “providing investors with transparency on the sustainability benefits of green financing, including bonds and equity is our core mission,” and proposes to deliver transparency via the use of equity assessment



UK legislation to regulate ESG rating providers is a significant step forward in bolstering investor confidence in ESG funds.

Yann Bloch, head of product at NeoXam

frameworks. These frameworks — tools such as SIX's Climate Equity flag, in which S&P are external reviewers — act as an aid for investors to not only identify companies whose actions align with targets set out by the Paris agreement, but further provides clarity regarding the standards to which they are held.

Targeted legislation can also make a significant difference. In the UK, sustainability disclosure guidelines published by the government aim to make UK-endorsed International Sustainability Standards Board (ISSB) standards available from 2025. This means two things: firstly, all listed companies in the UK will have to adhere to the same set of standards, ensuring more clarity on ESG regulations. Secondly, the Financial Conduct Authority (FCA) will be able to use these standards to require UK-listed firms to accurately report their company's sustainability-related information.

When questioned on whether the implementation of these standards would improve investor confidence, Bloch appears hopeful: "UK legislation to regulate ESG rating providers is a significant step forward in bolstering investor confidence in ESG funds."

"By establishing clear standards and requiring greater accountability from ESG rating agencies, this legislation promises to bring much-needed clarity to the market," he says, emphasising that inconsistencies in ESG ratings only invites investor scepticism.

He further highlights that the creation of a reliable regulatory framework allows for a better assessment of ESG risks and opportunities overall, acting as the "backbone" for investing sustainably.

Dominating the discourse

However, in the midst of the clamour and debate surrounding the environmental aspects of ESG funds, is it possible that social and governance factors have been cast aside?

NeoXam's Bloch reaffirms that balance is everything. "Institutional investors are increasingly aware that strong social and governance practices are crucial for managing risks and ensuring sustainable growth," he explains.

As such, social investing has seen a rise of over 18 per cent since 2021, suggesting that not all ESG funds have faced a downward spiral. Bloch continues: "Data that provides insights into labour practices, board diversity, community impact, and ethical governance is essential for evaluating companies on their social and governance performance." Therefore, he suggests that unionising all three pillars of ESG is the essence of driving impactful investor strategies.

With the industry seeking transparency and clarity in ESG data, alongside a robust and standardised regulatory framework, it is clear that investors are calling for changes to be made to the ways in which ESG funds are currently run.

Despite this, better days may lie ahead for ESG investments. As Bloch summarises on a positive and constructive note: "Over the next five years, we anticipate a move towards greater standardisation and regulation, ESG data becoming more granular and real-time [and] a deeper integration of social and governance factors, fuelled by growing demand for more inclusive and equitable business practices."

"The future of ESG funds will be shaped by the quality, accessibility, and strategic use of ESG data, driving greater accountability and positive change."



We see what others can't

State Street is your trusted partner.
We're well-positioned to support your shift to
T+1 by offering a range of advanced services.

As one of the world's largest asset servicers, we have
exclusive insights into global fund flows and with more
than 10% of the world's assets under our custody*.

statestreet.com/t-plus-1

*Represents State Street AUC/A divided by Global Financial Assets, including Global Equity, Global Debt Securities and Global Broad Money (M3), as of December 31, 2022. Sources: SIFMA, OECD, World Bank. This represents State Street's assets under custody and administration AUCA (USD\$43.9T) as of March 31, 2024.



Navigating through the dark system

Jack McRae speaks to Rory Doyle, head of Financial Crime Policy at Fenergo, on his time fighting financial crime for over two decades, and why he is hopeful for the future

For four years, Rory Doyle studied archaeology at university and learnt the skills that would lay the foundations for his future career. Offering the grounding for research, verification and document trawling skills, archaeology allowed Doyle to kickstart his career.

The trouble with archaeology, however, is that Doyle did not know what he wanted to do with his degree. Like thousands have done before him, Doyle turned to the university careers officer who offered him a business and marketing post-graduate course.

“From there, there was work experience in the compliance department of a company stock brokers. I kind of fell into it, but then found a niche in financial crime and I’ve been there ever since,” Doyle explains. Almost 30 years on from that chat with the careers officer, Doyle has been working in the financial services industry ever since and has made it his mission to fight financial crime.

Since falling into the industry, Doyle has carved out his own path and is now head of Financial Crime Policy at Fenergo. He says casually about a decision that came to establish his career, “I suppose it was just a niche and you’re actually fighting the good fight. You’re preventing nefarious people from abusing firms that you work for and those you have built up relationships with”.

Since beginning in the industry, Doyle has seen operations change. He remembers: “when I started in asset servicing with J.P. Morgan in 2008, the industry was a very paper-based system, utilising spreadsheets and Microsoft to access everything. But during that period we discovered the risk-based approach.

“We have gone from simple spreadsheets and simple tick boxes on paper, to algorithms looking at transactions, jurisdictions, ownerships and cutting out all the noise.”

Revealing the true scale

It is perhaps fortunate that the industry has developed beyond the time where those combating financial crime would use those simple spreadsheets and tick boxes to track criminals. The scale of money laundering within the asset servicing sector is emphasised by Doyle who details how, “money laundering was estimated to be a US\$3 trillion industry in 2023. That would put it in the top five industries in the world. It just shows the amount of capital that can be invested into circumventing the rules and utilising asset services as a conduit for money laundering.”

The expansion of anti-money laundering (AML) operations globally has revealed how widespread financial crime is, even in the last few years. Doyle points to how, in 2018, the number of countries on the Financial Action Task Force’s (FATF) grey-list for money laundering was “around the 11 mark”, this has “increased to 28 jurisdictions currently.”

This is not necessarily a negative, Doyle claims. He is optimistic that the growing number of jurisdictions placed on the grey-list represents the success of AML efforts globally, rather than an increased level of crime.

He hopes that “there’s been an increase in the amount of financial crime being identified by financial institutions utilising new technologies. That is what is causing the increase in the amount of suspicious activity reporting. It can just as easily be [considered] a success, as opposed to a failure on the part of the jurisdiction. Now we just see how much money is going through the ‘dark system’.”

Doyle continues to speak with pride at the industry’s willingness to tackle financial crime head on. “We’re seeing such a growth of understanding of how to identify money launderers and people involved in or entities involved in terrorist financing within the asset servicing sector,” Doyle says. “We have such a huge amount of uptake from our clients wanting to understand how best to interpret these guidelines and how to utilise them to their best efforts to identify financial crime.”

A better place

Despite having worked in AML for decades, Doyle still enjoys his work every day. He explains how he is able to maintain this interest because “criminality is never going to go away and every day is different. There are 126 jurisdictions my team is looking at which all have their own AML rules.”

Not only does the ever-changing nature of AML keep Doyle enamoured, but unlike other areas within the financial industry, Doyle believes he is able to make a positive difference and feels rewarded in his work.

He explains: “When we’re screening individuals, around 99.99 per cent are transparent and good actors. But, when you get those occasions where you’ve actually contributed to finding somebody who’s trying to commit a crime, and you can contribute to making the world a better place, that’s where it is most rewarding.”

Doyle is also keen to help reduce the number of jurisdictions on the FATF grey-list. Being placed on the list comes at “huge cost to an economy,” Doyle states, and continues to argue that by getting — and staying — off the list, it can open up money that “could be used to help educate people, to help feed people, to make the world better. The way to do that is to not only get these jurisdictions off the grey list as quickly as possible, but ensure that we can provide an economical system or their financial institutions to be in line with global standards.”

He highlights the Cayman Islands as a key example of how jurisdictions have to, and can, change their fortunes. The Caribbean island was placed on the FATF grey list and “are now off because they instigated a great programme of change and made sure that their system was up to standard.”

“There is a dearth of qualified financial crime professionals globally and asset service providers need to utilise the resources they have more efficiently to be able to keep up with the new trends”



The future of AML

As the world continues to wake up to the extent of money laundering in the asset servicing industry, AML operation growth continues to accelerate.

“We’re seeing globally a large increase in the number of firms — and not just asset servicing firms — that are classified as regulated financial institutions,” Doyle describes. “There are new fintechs, regtechs, payment service providers, banks, asset servicers, asset managers, investment managers and these all have to have a client due diligence and transaction monitoring process, which means they need to have a financial crime team, they need to have a screening team, they need to have an ongoing monitoring team.”

But, are there enough experts available to match the demand of combating financial crime?

Doyle’s response is direct: “There is a dearth of qualified financial crime professionals globally and asset service providers need to utilise the resources they have more efficiently to be able to keep up with the new trends.”

The rewarding draw of tackling financial crime is often overshadowed by better paid roles within the sector. Doyle laments how even though, “financial crime is a very well paid job, in comparison to other jobs in financial institutions, it wouldn’t be the most rewarding economically. That is upsetting to see so much talent go towards other areas of financial institutions and the financial system compared to financial crime.”

However, this does not deter Doyle’s efforts and he is using his expertise in fighting financial crime to help develop the next generation. “I’m looking to use my knowledge to offer thought leadership and to educate the new workforces coming in. I actually do some lecturing with the university in Dublin to provide AML courses.”

During his lecture, Doyle has taken heart from the appetite for AML from the younger people that the industry will turn to one day to carry the baton in fighting financial crime. “I’ve seen a big take up in the amount of people who want to [study AML],” he explains.

Doyle is hopeful that returning to the academic sector where he left with a degree in archaeology can too help steer those students seeking career officers’ advice towards a career in fighting financial crime.



How do we fix
a problem with
no boundaries

by pushing
our own?



HSBC

Opening up a world of opportunity



S&P Global recruits Brown

S&P Global has appointed Scott Brown as corporate actions sales specialist, effective 1 October.

Based in London, he will work with the corporate actions team to reach and help more EMEA-based clients with software and data solutions for managing corporate actions.

He joins the firm from post-trade services fintech, Pirum, after six years with the company.

Brown was most recently head of origination sales EMEA at Pirum, where he led EMEA sales strategy and execution.

He joined the firm in June 2018, as a business development manager, having previously worked at J.P. Morgan.

Earlier in his career, Brown took on a number of senior roles within the financial market, including as vice president, manager of OTC clearing client services, foreign exchange prime brokerage (FXPB), and swap intermediation EMEA at Barclays.

Previously, he held a four-year term with RBC International, most recently as project manager of Transaction Management Group (TMG). Prior to this, he worked at Deutsche Bank for over five years, where he was manager of SBL trade support and triparty collateral management.

In his announcement, Brown said: "I can't wait to meet the rest of the team and begin my journey with a business that already has over 185 clients, in 170 countries, and that validates 1.4 million corporate actions events per year." ■

Antonicelli joins FINBOURNE as Head of Sales for Australia

Marianne Antonicelli has swapped S&P Global for FINBOURNE to become head of sales for Australia and New Zealand. Antonicelli will focus on expanding and strengthening strategic relationships in Australia and New Zealand, and will play a key role in developing FINBOURNE's commercial strategy. At S&P Global Antonicelli acted as head of SEA and ANZ sales and she brings over 13 years' expertise in investment management technology, with an emphasis on private markets.

CEO and co-founder of FINBOURNE, Thomas McHugh, states: "[Antonicelli] brings an in-depth understanding of the Australian and New Zealand market as well as a strong track-record building high performance teams. As such, she is ideally qualified to lead this region into the new stage of growth".

Antonicelli adds: "I'm delighted to be joining at this particularly exciting stage in the organisation's development. I look forward to working with clients in Australia and New Zealand to accelerate their adoption of FINBOURNE Technology to meet their complex data requirements."

Webber swaps Northern Trust for Principles for Responsible Investment

Kate Webber leaves Northern Trust and joins Principles for Responsible Investment, coming in as chief responsible investment solutions officer. Her new role involves leading teams, building products and services, along with supporting signatories to progress in their responsible investment practices.

Webber leaves Northern Trust after five years, where her most recent position was head of product strategy.

AccessFintech T+1 solution

- Facilitating T+0 focused operations
- Enhance the T+1 settlement workflow
- Maximise STP rates
- Reduce fails and manual effort

AccessFintech's Synergy network offer a solution that enhances the T+1 settlement workflow. By providing more real-time information from agents and Central Securities Depositories (CSDs), Synergy enables pre-matching and facilitates a smoother transition to the incoming settlement regime. This means that trades can be settled more quickly and efficiently, reducing the risk of errors and delays.



AccessFintech

Learn how AccessFintech can help you transitioning to T+1 Settlement. Visit our website on:

www.accessfintech.com



Moremong joins Apex as new head of Botswana

Apex Group has appointed Itumeleng Avril Moremong as its new head of Botswana.

This marks Apex as the first fund administration provider with a local head and team in the region.

Moremong will be responsible for expanding middle office support and compliance services, as well as supporting the growth of local asset managers.

She has over 20 years of experience within executive finance services positions, where she most recently served as director at Setlhokwa Holdings.

Commenting on her appointment, Moremong states: “Joining the Apex Group family is a fantastic opportunity. The presence of a more Botswana-focused team will not only instill comfort to clients but will also demonstrate Apex Group’s commitment to the industry at large.”

Alan Keet, Apex Group’s regional head of Middle East and Africa, adds: “[Moremong’s] appointment brings a wealth of experience to help bolster Apex Group’s Botswana offering. Itumeleng will help us deliver our cutting-edge solutions to our clients, as we continue to drive growth across the region.” ■

Commenting on LinkedIn, she states she is “delighted” to be joining her new firm.

Principles for Responsible Investment (PRI) is a UN-supported network of financial institutions offering a framework to implement ESG factors into investment practices.

TMF Group choose McGarry as Head of Transfer Agency

TMF Group have selected Blanca McGarry as their new head of transfer agency funds and corporate for the British Isles and Ireland.

McGarry joins TMF from Intertrust Group, where she served over four years as head of transfer agency for fund administration.

She also holds over 14 years’ experience of senior fund manager positions within Citi and Centaur.

TMF Group provides financial and legal administrative services to firms, enabling them to invest and operate safely. Headquartered in the Netherlands, TMF Group now operates from 86 jurisdictions globally.

Woods joins Citi

Jane Woods has joined Citi as the new global head of services for payments and custody, within operational risk.

Prior to her new role, Woods served six years at BNY where she held a number of executive director positions. She most recently acted as head of international global securities operations.

Commenting about her appointment on LinkedIn, she states: “[I am] looking forward to getting back onto the saddle and the new challenges ahead.”



A Canadian Leader in Sub-custody

With more than 1,800 professionals exclusively focused on servicing Canadian investors and global investors into Canada, CIBC Mellon can deliver on-the-ground execution, expertise and insights to help clients navigate the Canadian market. Leveraging the technology and scale of BNY Mellon, a global leader in investment servicing, and the local presence of CIBC, one of Canada's leading financial institutions, CIBC Mellon has the experience and the capabilities to help you succeed in Canada.

Canadian custody and sub-custody
Canadian correspondent banking¹
Broker-dealer clearing
Securities lending²

Brokerage¹
Investment fund services
MIS (NEXEN, STP scorecard, trade match report card)
Data analytics²

¹ Provided by CIBC

² Provided by BNY Mellon

Learn more, contact:

Richard Anton at +1 416 643 5240

Lloyd Sebastian at +1 416 643 5437

www.cibcmellon.com

CIBC MELLON

©2023 CIBC Mellon. A BNY Mellon and CIBC Joint Venture Company. CIBC Mellon is a licensed user of the CIBC trade-mark and certain BNY Mellon trade-marks, is the corporate brand of CIBC Mellon Trust Company and CIBC Mellon Global Securities Services Company and may be used as a generic term to reference either or both companies.

Citi Australia and New Zealand welcome new appointees

Citi Australia and New Zealand's Markets business has announced a number of new appointments to strengthen the markets business team in the region.

Dan Birch has been enlisted as head of markets sales for New Zealand. He will be responsible for supporting client engagement, and joins the company from Perennial Partners, where he most recently served as head of institutional sales.

The position of head of asset-backed securitisation & financing for Australia and New Zealand will be filled in by Peter Hext.

Amicorp hire Short as Commercial Director

Amicorp Fund Services has appointed Clive Short as commercial director to strengthen its Luxembourg leadership team. Short has 20 years of experience in the industry and most recently was head of fund sales for EMEA at TMF Group. Previously he worked for Intertrust Group, Barings, Deutsche Bank and AXA Investment Managers.

Kin Lai, CEO of Amicorp, comments: "Luxembourg is a pivotal location for alternative investment funds, particularly for private equity, venture capital, real estate, infrastructure, and private debt."

AccessFintech promotes Duar to global head of sales

AccessFintech has promoted Christopher Duar to its executive team as global head of sales.

Having previously acted as head of buy side in the company, Duar's new role will entail business development and client relationship responsibilities for both the buy and sell side of the business.

Duar served 18 years in Goldman Sachs before joining AccessFintech in July 2023, and has worked extensively in customer experience solutions and post-trade challenges. ■



Need a class action champion in your corner?

Dedicated advocates.
Relentless effort.
Proved results.

Go the distance on every case

Broadridge.com | +44 020 7551 3000 | global@broadridge.com

© 2024 Broadridge Financial Solutions, Inc., Broadridge and the Broadridge logo are registered trademarks of Broadridge Financial Solutions, Inc.



THINK INDIA THINK STOCKHOLDING

For availing Integrated Custody services - India Domestic

- Deepest India Expertise
- Robust Infrastructure
- Service track record of more than 3 decades
- Servicing multiple asset classes & Customer segments
- One Stop, Flexible & Tailor-made solutions
- Access Global Markets & India Domestic
- DDP, Custody & PCM Services
- Corporate Demat Services - Facilitate Demat of Securities (local teams PAN India ensures seamless process)

Our Customised Services: Designated Depository Participant Services | Escrow Services | Custody Services - for Equity, All Debt, Derivatives, Commodities | PCM Services – Derivatives | Valuation | Fund – Accounting | Securities Lending & Borrowing | CSDL Account Services

Clients we serve* - FPI | FDI | FVCI | PRIVATE EQUITY | FAMILY OFFICE | AIF | ELIGIBLE FOREIGN INVESTORS (GIFT CITY) | CORPORATES | BROKERS | HNI | BANKS | MUTUAL FUNDS | PMS | INSURANCE COMPANIES | GLOBAL CUSTODIANS | NRI

*Broking & Trade Execution provided through our Subsidiary (Stock Holding Services)

INTERNATIONAL RECOGNITIONS



Stock Holding Corporation of India Limited

Registered Office : 301, Center Point Building, Dr. Babasaheb Ambedkar Road, Parel, Mumbai – 400012 (CIN - U67170MH1986GO1040506)

For more information visit : www.stockholding.com OR Reach us at : FPI.India@stockholding.com

ASSET SERVICING TIMES

Miss the last issue?

We've got you covered!



Investor Protection
18

Lessons to be learnt

Following H2O AM Group agreeing to pay €250 million to investors, the industry must heed its warning
Jack McRae reports

Investor Protection
19

H2O Asset Management Group (H2O) has agreed to pay €250 million to investors who have been unable to access their funds since 2020. The Financial Conduct Authority (FCA) announced that the asset management company agreed to pay the fee following an investigation into the company's operations and, as a result, will not be fit with a penalty.

The investigation highlighted that between April 2015 and November 2019 H2O had not followed proper due diligence on a series of 'high risk and hard to sell' investments related to the Sector Group – a retail company owned by German financier Lars Windhorst.

Windhorst, who rose to fame in the 1990s as a teenage business prodigy and was labelled the 'German Bill Gates', has been accused of covering for a number of years. A Financial Times investigation in 2019 revealed H2O's close ties to Windhorst and that the asset manager had made a significant number of 'junk' investments in the guise of businesses linked with the financier. The investigation prompted investors to ask for their money back.

The FCA investigation into the company found over 50 occurrences where employees had received hospitality from Windhorst that had not been declared. These included a number of meetings between senior management figures at the time and Windhorst on the financier's private jet, helicopter, and yacht.

The FCA report continues to highlight how H2O 'violated fair and disclosing statements and documentation to the regulator'. The report details how Sector Manager A had 'provided 23 documents according to the comprehensive schedule of'.



Salem Trust expands custody and asset services with new hires

Salem Trust Company, a division of Access Institutional Securities (AISC), has expanded its custody and asset services with new hires.



RBC Clearing & Custody partners with Openfield

RBC Clearing & Custody will now provide clearing services to Openfield, a new bond issuer based in New York City.

asset servicing times

The primary source of global asset servicing news and analysis
ISSUE 347 21 August 2024

T+1 global teachings

With America ahead of the T+1 game, international firms discuss what skills and methods they have learnt from the US



Investor Protection

Lessons that need to be learnt

Market Efficiency

Striving for efficiency in an evolving market

Click here to catch up

People Moves
26



Kulkarni to be designated Honorary Consul of the Republic of Cyprus

Vinu Kulkarni has been appointed an honorary consul of the Republic of Cyprus in Mumbai for the Maharashtra jurisdiction. He is a Maharashtra resident. He is a former member of the Institute of Cost Accountants of India and a Company Secretary of India and a former member of the Institute of Cost Accountants of India (ICAI), India.

Honorary consuls are local citizens of a host country who voluntarily represent a foreign government in a specific region or country. In his new role, Kulkarni will promote bilateral relations, economic and cultural ties, and international cooperation between India and the Republic of Cyprus.

Pikart joins BNY's digital assets business

BNY has appointed Sam Pikart as director of digital assets product within the digital assets business. Based in London, Pikart will join the team in the Centre Bank's global head of Digital Assets.

He joins the team after four years at JP Morgan Chase where he was most recently global digital product lead for Trading Services.

Pikart had joined the company as vice president of product development for equity derivatives business.

Earlier in his career, Pikart held key roles at Mastercard's First Trade Strategy team as Head, where he was chief strategy for the team, and as Managing Director of the team's Regulatory (DFT) business.

In addition, he was responsible for the joint team and Equities SPV solution.

Stock Holding Corporation of India hires Saxena as MD and CEO

Stock Holding Corporation of India has appointed Shri Akshay Saxena as managing director (MD) and CEO.

Prior to his new role, Saxena served as chief general manager at the Industrial Finance Corporation of India.

Commenting on the appointment of Saxena, the company said: "We are thrilled to have Shri Akshay Saxena as our new MD and CEO."

EMIR TR, SFTR TR, ARM, LEI

All Reporting Services in One Place

Find out how we can support you in fulfilling your reporting obligations and how to get started with us.

www.trplus.kdpcw.pl